



Rural Idaho **MEETS** **TECHNOLOGY**

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As teenagers, Michael Klassen and his brothers would hop on their father's tractors and race off across the fields. Their need for speed led them to tinker with the tractor's diesel engine and, over time, they enjoyed powerful results.

Little did they know that their Idaho farmland tinkering would evolve into a multi-million-dollar business with customers ranging from Canada to India...



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Bully Dog Technologies now has revenues in excess of \$7 million selling an aftermarket power upgrade technology for diesel engines. The farm boys didn't take their technology firm out of the farm community, however. Bully Dog today still resides in small-town Aberdeen, Idaho, population 1,806.

Rural Idaho is home for the three brothers, all of whom work in the business, said Mi-

chael Klassen, president of Bully Dog. But that hasn't made it easy.

"It has been difficult because it is hard to find competent people as the business grows," said Klassen, who employs 47 people at Bully Dog. "But it has also been a plus because we have lower taxes, real estate is much cheaper, and it's close to home."

Technology offers the possibility of business anywhere, anytime. Today it is creating an interesting business shift away from urban centers. Those who want to work in rural settings are finding that it's easier than they expected.

"Greater access to high-speed Internet is making it easier to do business in rural Idaho," said Dale Dixon, executive director of the Idaho Rural Partnership, a program that supports economic development efforts in smaller communities. "Progress in expanding the reach of high-speed Web

access and consistency and quality of signal will open up new opportunities for rural Idaho to attract more business."

Dixon, a native Idahoan who has traveled to many of its small locales, says he is often surprised to find entrepreneurs setting up shop in rural areas.

"Entrepreneurs in rural Idaho can be part of this global workforce thanks to technology," he said. "We're entering a 24-hour, seven-day work cycle where a person living in their Garden Valley home can work eight hours on a software development project. At the end of the day, they send the files and data to their co-worker in Australia, who picks up from where the Idaho resident left off, works eight hours and passes the project onto someone somewhere in Europe."

A more technically skilled workforce is available in rural areas partly because of the adoption of technologies by Idaho's natural resources industries, said Dixon.

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"Idaho is rated number one in the U.S. for the number of farmers using computers," he said. "High tech means using satellite technology to protect the environment by precise irrigation and chemical applications. Combines that can cut out a precise section of the wheat stalk to create ethanol are operating in Idaho fields."

"And who is the largest, non-governmental Hewlett-Packard printer buyer in Idaho? Monsanto," he adds. "What does a miner in Soda Spring, Idaho do at work? They computer map a mountain using the latest technology to determine the location of ore pockets so multi-million dollar, computerized machines operated by highly-trained people can leave the smallest environmental footprint while efficiently removing the ore. Food processors and lumber mills are also buying some of the most advanced technology in the world – and putting it to work in rural Idaho."

While the adoption of technology pervades virtually all industries in all regions, there are also technology companies locating in rural areas.

For Rick Stephens, relocating his Web-based computer sales business from California's highly urban Silicon Valley to rural Grangeville, Idaho was a no-brainer.

"Getting MacGurus out of California was a must," said Stephens, who moved his business in 2005. "High employment costs, taxes and non-productive overhead made running a competitive online company difficult. We were eating our profits and limiting our growth potential to no benefit in the Silicon Valley."

Stephens said he spent several years researching alternative locations before settling on Grangeville, which captivated his family with its scenic beauty. They also liked the commute.

"Traffic jams around here usually involve elk," jokes Stephens.

But the lower cost of doing business and a streamlined business environment was the clincher. He recalled that it took him 14 weeks to get clearance from the California Secretary of State's office to move his business out of state. In contrast, the

Idaho process took less than a day "and we received a personal phone call from that office notifying us of the fact!"

MacGurus maintains a warehouse facility in Albuquerque, N.M., for fulfillment and shipping services of more than 900 different product items, ranging from hard drives to CPU upgrades. The main operation – consisting of administrative functions, customer support and technology design and testing – takes place in Grangeville,

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Previous Page: Rick Stephens, owner of MacGurus, took this photo of his view from his front door. Quite a difference from the view he had a year ago, when his computer business was located in California's Silicon Valley. Photo courtesy of Rick Stephens,

Above: Blaine Overview near Moscow, a small university town where biotech company Alturas Analytics is located. Alturas works with large vendors from major metropolitan areas who are often surprised to find a successful high tech company in a rural Idaho setting. Photo courtesy of the Idaho Travel Council

Left: From left are Philip, Daryl and Michael Klassen, founders of Bully Dog Technologies, located in Aberdeen.

Entertaining the High-Tech Clientele in Rural Idaho

When Alturas Analytics wanted to cater to one visiting client by giving him a unique Idaho experience, the company had him stay in a tent at the prestigious MaryJane's Farm, an organic farm near Moscow.

"This person was from South San Francisco and was used to traveling quite a bit," said Robin Woods, president of Alturas Analytics, based in Moscow. "He said he was tired of the Marriot-type of stay, and was looking for something more unique."

The client stayed in one of the nicely appointed tent cabins that sit on wooden platforms that come complete with wood stoves and an outhouse. Breakfast is home-made muffins, farm-grown eggs and organic produce.

"Our client loved it," said Woods. "He actually left the lab early one day so he could go back out to the farm and explore before it got dark."

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where the company has a 1,400-square-foot office space and a 5,000-square-foot shop facility.

Finding employees has not been an issue for MacGurus, which found an eager workforce waiting in Grangeville. Stephens said because few businesses are located in the area, residents are compelled to commute to other areas for their jobs.

Our priority is quality of life, so for us, it's much easier to operate our business out of the larger metro areas

"We have been well-received here and have found a ready, willing and very able workforce available to us," he said. "We intend to make great use of this in the future and have both the need and the plans for expanding our employment on a regular basis."

Alturas Analytics, a firm that does analysis for drug discovery for the pharmaceutical industry, finds the uniqueness of its location outside of a major metropolitan area to be a lure for highly skilled technical workers.

"Our priority is quality of life, so for us, it's much easier to operate our business out of the larger metro areas," said Robin Woods, president of Alturas, which is located in Moscow. "We are better able to retain employees, have a lower cost of living as well as a lower cost of doing business as well as a work culture we all enjoy." Moscow is not a rural location by Idaho standards, but neither is it a metropolitan area and it is far from the biotechnology customers Alturas has in California's Silicon Valley.

"The disadvantages are that we are not part of a larger cluster group, such as found in the South San Francisco area, and we

do spend more time traveling to reach our clients," acknowledges Woods. "However, with our lower cost to do business in Idaho as well as the quality of life we have here and our ability to attract and retain employees, we feel like the advantages for us way outweigh the disadvantages."

Rural services still need improving before the floodgates to outlying areas open to more high-tech firms. Telecom services and access to shipping services, particularly airfreight services, are limited.

The firm, however, still has access to high-speed Internet and shipping services. Those critical business services allow Alturas to stay in touch with customers and Woods said vendors and customers are often surprised to discover where the company is located.

"We regularly attend conferences nationwide, as well as other shorter scientific meetings in various West Coast cities, and other attendees are always surprised to find out that we are based in Moscow, Idaho," said Woods.

"We sometimes find that people tend to think that rural areas are more 'out of

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Above: Cedar St. Bridge near Sandpoint. There are several high-tech companies based in this northern Idaho area. Photo courtesy of the Idaho Travel Council

touch' with technology. Since we are located next to two universities, it's much easier for us to dispel this myth."

Mark Williams, executive director of the Bonner County Economic Development Corp. in Sandpoint, said high-speed Internet is having a tremendous effect on businesses operating in rural communities.

"Many of the resources available to universities and high-tech centers are online and readily available throughout the world," said Williams. "Collaboration tools leveraging the Internet allow virtual teams to be dispersed around the globe. And administrative services such as legal, accounting, marketing and shipping are increasingly available in smaller, rural communities."

Williams added high-tech employment opportunities continue to grow in rural areas, pointing to two aerospace focused companies that are expanding in his area. Those companies are Quest Aircraft, which designs and builds a new plane designed for short takeoff and landing for missionary work, and Conaghan Aircraft, which makes aircraft that can fly from 50

to 28,000 feet above the ground for surveillance missions.

"People are truly astounded to learn that this high-tech development is occurring in a county with only 40,000 residents," said Williams. "The biggest misconception I have experienced is that there are a very limited number of educated employees available," said Williams. "A reason for this misconception is the limited number of companies that operate in most rural communities."

Williams said he knows software engineers living in rural Bonner County who commute or telecommute to offices out of state.

The state has committed significant resources to its rural areas, resulting in a number of high-tech jobs.

"Since its inception, Governor Kempthorne's Rural Idaho Initiative has pumped more than \$18 million into economic development projects in rural areas, creating nearly 1,000 jobs," said Idaho Commerce & Labor Director Roger B. Madsen. "Some of our best examples are projects

like Comtech AHA in Moscow or Business Incubator in Salmon. Others are projects that involve high-skilled, technical manufacturing jobs, like Kiefer Built and Hilex Poly. As a state, we must continue to invest in building up the economies of Idaho's rural areas." **IQ**

TIPS

Help For Rural Entrepreneurs

Rural entrepreneurs can get assistance through one of three TechConnect offices established around the state. The offices handle wide regions and staff is available to work with those in rural areas with everything from business plan review to connecting them with funding resources.

For information, contact the office in your region:

TechConnect West, Nampa, (208) 426-6613, Email – rritter@boisestate.edu
TechConnect East, Idaho Falls, (208) 523-9898; Email – wts@iictr.com
TechConnect North, Post Falls, (208) 262-2039 ext. 1450; Email – hpartis@juno.com